

**MAYFIELD TOWNSHIP
GRAND TRAVERSE COUNTY, MICHIGAN
REPORT ON BASIC FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2008**

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Independent Auditor's Report

Members of the Township Board
Mayfield Township
Grand Traverse County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Mayfield, as of and for the year ended March 31, 2008, which collectively comprise the Townships' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Mayfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of other auditors, provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Mayfield, as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township of Mayfield has not presented the Managements Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required to be part of, the basic financial statements.

The required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally if inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mayfield's basic financial statements. The supplementary data section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
November 24, 2008

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**MAYFIELD TOWNSHIP
STATEMENT OF NET ASSETS
YEAR ENDED MARCH 31, 2008**

	Government- Wide
	<hr/>
ASSETS	
Cash and investments	\$ 118,974
Taxes receivable	7,605
Due from state	13,656
Capital Assets:	
Land and land improvements	3
Buildings and other equipment, net of accumulated depreciation	<hr/> 154,521
 TOTAL ASSETS	 <hr/> <hr/> \$ 294,759
 LIABILITIES:	
Accrued payables	\$ 684
Payroll tax liability	642
Due to other funds	<hr/> 991
 TOTAL LIABILITIES	 <hr/> 2,317
 NET ASSETS	
Invested in Capital Assets	154,524
Unrestricted	<hr/> 137,918
 TOTAL NET ASSETS	 <hr/> 292,442
	 <hr/> <hr/> \$ 294,759

The accompanying notes are an integral part of these statements.

**MAYFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008**

Functions/Programs	Expenses	Program Revenues			Net (expenses) And changes in Net assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
Legislative	\$ 9,632	\$	\$	\$	\$ (9,632)
General government	52,572	10,842			(41,730)
Public safety	39,419				(39,419)
Public works	17,722	2,910			(14,812)
Highways and streets	4,198				(4,198)
Recreation	2,000				(2,000)
Community promotion	3,619				(3,619)
Other	5,643				(5,643)
Total governmental activities	<u>\$ 134,805</u>	<u>\$ 13,752</u>	<u>\$</u>	<u>\$</u>	<u>(121,053)</u>
General revenues:					
Property taxes, levied for general purposes					44,365
State revenue sharing					89,634
Interest and investment earnings					1,004
Miscellaneous revenues					<u>7,882</u>
Total General revenues					<u>142,885</u>
CHANGES IN NET ASSETS					21,832
Net assets – beginning of year					<u>270,610</u>
Net assets – end of year					<u>\$ 292,442</u>

See notes to financial statements.

**MAYFIELD TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
YEAR ENDED MARCH 31, 2008**

	Governmental Fund type
	<u>General Fund</u>
ASSETS:	
Cash and investments	\$ 118,974
Taxes receivable	7,605
Due from state	<u>13,656</u>
TOTAL ASSETS	<u><u>\$ 140,235</u></u>
LIABILITIES:	
Accrued payables	\$ 684
Payroll tax liability	642
Due to other funds	<u>991</u>
TOTAL LIABILITIES	<u>2,317</u>
FUND BALANCE/NET ASSETS	
Fund balances:	
Undesignated	<u>137,918</u>
TOTAL FUND BALANCE	<u>137,918</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 140,235</u></u>

The accompanying notes are an integral part of these statements.

MAYFIELD TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008

Total governmental fund balance	\$	137,918
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		<u>154,524</u>
Net Assets of Governmental Activities	\$	<u><u>292,442</u></u>

MAYFIELD TOWNSHIP
GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2008

	Governmental Fund Type
	General Fund
REVENUES:	
Property taxes	\$ 44,365
Licensing and permits	2,910
State revenue sharing	89,634
Interest	1,004
Other	18,724
	<hr/>
TOTAL REVENUES	156,637
	<hr/>
EXPENDITURES:	
Legislative:	
Township Board	9,632
General government:	
Supervisor	6,359
Elections	3,285
Assessor	13,907
Clerk	8,255
Board of Review	687
Treasurer	10,004
Building and grounds	11,815
Cemetery	900
Public safety:	
Fire protection	39,419
Public works:	
Planning	17,722
Zoning Board	
Highways and streets	4,198
Recreation	2,000
Community Promotion	3,619
Other:	
Insurance	5,643
	<hr/>
TOTAL EXPENDITURES	137,445
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	19,192
	<hr/>
FUND BALANCE, beginning of year	118,726
	<hr/>
FUND BALANCE, end of year	\$ 137,918
	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

MAYFIELD TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Net change in fund balance	\$	19,192
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Amounts reported for governmental activities are different because:

Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of these assets are depreciated over their estimated useful lives.

Expenditures of capital assets	8,458	
Current year depreciation	<u>(5,818)</u>	
Net Assets of Governmental Activities	<u><u>\$</u></u>	<u>21,832</u>

**MAYFIELD TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
MARCH 31, 2008**

ASSETS

Due from other funds	\$ 991
TOTAL ASSETS	<u>\$ 991</u>

LIABILITIES

Checks written in excess of deposits	\$ 991
TOTAL LIABILITIES	<u>\$ 991</u>

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mayfield Township (Township), Grand Traverse County, Michigan, conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the significant policies:

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The *agency fund* is custodial in nature and does not present the results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for tax collection function that is maintained by the Township Treasurer.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has not elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the governments enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and investments

The Township reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, such as certificates of deposit, and the district intends to hold the investment until maturity.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Inventories

Materials and supplies are expensed as purchased.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fixed Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are stated at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General capital assets are long-lived assets of the Township as a whole. Infrastructure such as streets, traffic signals and signs will be capitalized on a prospective basis. The valuation basis for the general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Excess of expenditures over appropriations

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2008, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Fund	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Assessor	\$ 11,800	\$ 13,907	\$ 2,107
Board of Review	245	687	442
Treasurer	9,865	10,004	139
Building and grounds	10,933	11,815	882
Fire protection	38,323	39,419	1,096

NOTE 2: PROPERTY TAX LEVY

Property taxes levied on December 1 of each year are collectible from December 1 through the end of February of the next year at which time the unpaid taxes, other than personal property taxes, are turned over to the County for collection. An analysis of the current tax roll is as follows:

Taxing Authority	Tax Roll	Current Collections	Delinquent Real Tax	Unpaid Personal
County	\$ 245,485	\$ 223,490	\$ 21,126	\$ 869
Commission on aging	23,889	20,394	3,395	100
Medical Care	32,480	27,687	4,657	136
State Education Tax	294,326	269,062	24,218	1,046
School Districts:				
Kingsley	298,018	236,469	57,194	4,355
Buckley	154,834	135,211	19,498	125
Northwestern Michigan College	141,336	120,493	20,253	590
Intermediate School District	144,471	123,156	20,712	603
Township	40,293	34,346	5,779	168
Library	56,034	47,833	7,968	233
BATA	16,167	13,780	2,320	67
Administrative fee	14,422	12,512	1,827	83
	<u>\$ 1,461,755</u>	<u>\$ 1,264,433</u>	<u>\$ 188,947</u>	<u>\$ 8,375</u>

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts, and worker's compensation claims. Settled claims relating to the commercial insurance have not exceed the amount of insurance coverage in any of the past five fiscal years.

NOTE 4: CASH AND INVESTMENTS

The Government Accounting Standards Board (GASB) Statement No. 40 risk disclosure for deposits at year end are as follows:

Deposits	Bank Balances
Insured FDIC	\$ 100,000
Uninsured	19,383
Total Deposits	<u>\$ 119,383</u>

At year end the balance sheet carrying amount of deposits was \$118,974

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes authorize the township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank or credit union, which is a member of the Federal Deposit Insurance Corporation or the National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The Township has no investment policy that would further limit its investment choices. At year end, the Township did not have any assets that would qualify as investments according to the aforementioned criteria.

Concentration of Credit Risk – The Township places no limit on the amount the district may invest in any one issuer.

NOTE 4: PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township are purchased by the County of Grand Traverse. The County maintains a revolving fund, which is used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year in the amount of \$7,605 in the General Fund, in accordance with the Michigan Council on Governmental Accounting and Auditing Statement #3.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: JOINT VENTURE

The Township of Mayfield participates with the Village of Kingsley and Paradise Township in maintaining a joint emergency building, commonly referred to as KMP Emergency Facility. The maintenance costs for the facility are shared equally by each unit. The Township's share of these costs for the year ended March 31, 2008 was \$2,139.

Financial data for KMP Emergency Facility as of March 31, 2008 can be obtained at the office of the KMP Emergency Facility.

Please see NOTE 7: Subsequent events regarding the sale of the KMP Facility.

NOTE 6: CHANGES IN GENERAL FIXED ASSETS

Capital asset balances and activity for the year ended March 31, 2008 were as follows:

Primary Government	<u>Balance 3/31/07</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Balance 3/31/08</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 3	\$	\$	\$ 3
Total capital assets not being depreciated	<u>3</u>			<u>3</u>
Capital assets, being depreciated				
Building	124,780	8,458		133,238
KMP Facility	48,708			48,708
Equipment	<u>30,773</u>			<u>30,773</u>
Total capital assets being depreciated	<u>204,261</u>	<u>8,458</u>		<u>212,719</u>
Less accumulated depreciation for:				
Building	22,460	2,625		25,085
KMP Facility	7,210	1,145		8,355
Equipment	<u>22,710</u>	<u>2,048</u>		<u>24,758</u>
Total accumulated depreciation	<u>52,380</u>	<u>\$ 5,818</u>	<u>\$</u>	<u>58,198</u>
Total capital assets, being depreciated, net	<u>151,881</u>			<u>154,521</u>
Governmental activities capital assets, net	<u>\$ 151,884</u>			<u>\$ 154,524</u>

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: SUBSEQUENT EVENTS

The Township has committed, along with the Village of Kingsley and Paradise Township, to sell the KMP Emergency Facility to a third party for the sum of \$149,000. The Township owns a 22% stake in this facility, and will receive \$32,780 from the sale. This amount will be further reduced by closing expenses in the amount of \$1,967, leaving the Township with net proceeds of \$30,813. The sale is expected to close in February of 2009.

REQUIRED SUPPLEMENTARY INFORMATION

MAYFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED MARCH 31, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES:				
Taxes	\$ 30,200	\$ 30,200	\$ 44,365	\$ 14,165
Licenses and permits	3,500	3,500	2,910	(590)
State revenue sharing	97,909	97,909	89,634	(8,275)
Interest	1,200	1,200	1,004	(196)
Other	17,200	17,200	18,724	1,524
TOTAL REVENUES	150,009	150,009	156,637	6,628
EXPENDITURES:				
Legislative:				
Township Board	13,580	13,580	9,632	3,948
General government:				
Supervisor	6,410	6,410	6,359	51
Elections	3,585	3,585	3,285	300
Assessor	11,800	11,800	13,907	(2,107)
Clerk	9,450	9,450	8,255	1,195
Board of Review	245	245	687	(442)
Treasurer	9,865	9,865	10,004	(139)
Building and grounds	10,933	10,933	11,815	(882)
Cemetery	1,200	1,200	900	300
Public safety:				
Fire protection	38,323	38,323	39,419	(1,096)
Public works:				
Planning	18,190	18,190	17,722	468
Zoning Board	55	55		55
Highways/Streets	30,350	30,350	4,198	26,152
Recreation	2,000	2,000	2,000	
Community promotion	4,700	4,700	3,619	1,081
Other:				
Insurance	5,643	5,643	5,643	
Contingencies				
TOTAL EXPENDITURES	166,329	166,329	137,445	28,884
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (16,320)</u>	<u>\$ (16,320)</u>	19,192	<u>\$ 35,512</u>
FUND BALANCE, beginning of year			<u>118,726</u>	
FUND BALANCE, end of year			<u>\$ 137,918</u>	

Supplementary Data Section

**MAYFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES-BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE – Town Board	\$ 13,580	\$ 9,632	\$ 3,948
GENERAL GOVERNMENT			
Supervisor's office	6,410	6,359	51
Elections	3,585	3,285	300
Assessor	11,800	13,907	(2,107)
Clerk's office	9,450	8,255	1,195
Board of review	245	687	(442)
Treasurer's office	9,865	10,004	(139)
Townhall	10,933	11,815	(882)
Cemetery	1,200	900	300
Total General Government	<u>53,488</u>	<u>55,212</u>	<u>(1,724)</u>
PUBLIC SAFETY			
Fire	38,323	39,419	(1,096)
Zoning			
Total Public Safety	<u>38,323</u>	<u>39,419</u>	<u>(1,096)</u>
PUBLIC WORKS			
Highways, Street and Bridges	18,190	17,722	468
Zoning Board	55		55
Street lighting	30,350	4,198	26,152
Total Public Works	<u>48,595</u>	<u>21,920</u>	<u>26,675</u>
RECREATIONAL and CULTURAL			
Community Promotion	4,700	3,619	1,081
Recreation	2,000	2,000	
Total Recreation and Cultural	<u>6,700</u>	<u>5,619</u>	<u>1,081</u>
OTHER			
Insurance	5,643	5,643	
Contingency			
Total Other	<u>5,643</u>	<u>5,643</u>	
TOTAL EXPENDITURES	<u>\$ 166,329</u>	<u>\$ 137,445</u>	<u>\$ 28,884</u>

**MAYFIELD TOWNSHIP
TAX COLLECTION FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCE
YEAR ENDED MARCH 31, 2008**

CASH BALANCE, beginning of year	\$ 186
Receipts:	
Current property taxes	1,264,553
Service charge	149
Interest and delinquent taxes	<u>386</u>
 TOTAL FUNDS AVAILABLE	 <u>1,265,274</u>
 Disbursements:	
County	\$ 223,490
Buckley school	135,211
Kingsley school	236,469
Northwestern Michigan College	120,493
State Education Tax	269,062
District library	47,833
Commission on aging	20,394
Medical care	27,687
TBA ISD	123,156
BATA	13,780
Township	34,346
State CFR	120
Administrative fee	12,512
Refunds and adjustments	<u>1,711</u>
 TOTAL FUND DISBURSED	 <u>1,266,264</u>
 CASH BALANCE, end of year	 <u><u>\$ (990)</u></u>



November 24, 2008

Members of the Township Board
Mayfield Township
Grand Traverse County, MI

In planning and performing our audit of the basic financial statements of Township of Mayfield for the fiscal year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Mayfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions in the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

Public Act 621, Budgeting

The Township has complied with the spirit of P.A. 621, Budgeting, but has expended more than the budgeted amount in certain categories. The Township may amend budgets throughout the year for any unforeseen expenditures. The budget for the general fund was not amended during the year. The Township should be amending the budget to authorize expenditures in certain functions that exceed the original budget.

Bank Reconciliations

During the audit, we noted the bank reconciliations were reconciled to dates other than month end. To properly address year end and month end accounting, bank accounts should be reconciled to the month end or year-end date. Please contact your financial institution to request bank statements from the bank also be cut-off at the month end date.

Payroll versus Contract Labor

During the testing of payroll we noted that employees were also being paid as a contract labor vendor when doing different jobs within the Township. An individual cannot be both an employee and a contract labor vendor. Once an individual is deemed to be an employee, than all compensation is subject to employment taxes and included on a W-2.

Financial Statement Preparation

Effective internal control over financial reporting involves the identification and analysis of the risk of material misstatement to the governmental unit's audited financial statements and then should determine how these identified risks should be managed. Management has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent and detect material misstatements, including footnote disclosures.

Generally accepted accounting principles (GAAP) requires management to review the drafted financial statement and compare to a current GAAP checklist to help assure that the financial statements are reliable and in accordance with GAAP. The Township does not have an employee who has current GAAP knowledge. As a result, material disclosure and classification misstatements were not prevented or detected prior to our review.

This report is intended solely for the information and use of the Township Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants